

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By **CHAIRMAN CHRISTINE KAUFMANN**, on January 24, 2005 at 8:05 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Christine Kaufmann, Chairman (D)
Sen. Dan Weinberg, Vice Chairman (D)
Sen. John Cobb (R)
Rep. Joey Jayne (D)
Sen. Greg Lind (D)
Rep. Penny Morgan (R)

Members Excused: Rep. Walter McNutt (R)

Members Absent: None.

Staff Present: Pat Gervais, Legislative Branch
Laura Good, Committee Secretary
Lois Steinbeck, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB2, 1/17/2005
Executive Action: Human and Community Services
Division Decision Packages 41, 54, 100, 119, 127, 9999, 69; 149, one-time-only, biennial; 167; 3200, one-time-only; Disability Services Division Decision Package 193; Motion to move \$39,853 general fund in DP 193 in place of Executive Request.

CHAIR KAUFMANN called the meeting to order at 8:05 A.M.

Mr. Hank Hudson, Administrator, Human and Community Services Division (HCSD), directed the committee to the HCSD overview, Exhibit 4 from the committee's 7 A.M. meeting on Friday January 21, 2005. He directed the committee to Pages 21-22, Intergovernmental Services Bureau, and described Governor Schweitzer's budget proposals for the Low-Income Energy Assistance Program (LIEAP) and other Intergovernmental Services Bureau issues. He also informed the committee of a bill carried by **REP. ROSALIE BUZZAS, HD 93, MISSOULA**, which would provide supplemental monies for these programs.

Mr. Hudson discussed Page 23, History of Low Income Energy Assistance Program (LIEAP) Expenditures; Page 24, LIEAP funding sources and proportional allocation; Page 25, diagram regarding Intergovernmental Bureau consumers' income level.

Responding to **REP. PENNY MORGAN, HD 57, BILLINGS**, **Mr. Hudson** stated that before LIEAP funds distribution, HCSD takes out tribal funds so that they receive 15% of total funds. All tribes but one rely on HCSD for LIEAP distribution.

Mr. Hudson went on to discuss Page 26, Weatherization Program; Page 27, Weatherization Program funding sources and proportional allocation; Page 28, Human Resource Development Councils; Page 30, spreadsheet regarding LIEAP and Weatherization funding.

{Tape: 1; Side: A; Approx. Time Counter: 14.2}

Ms. Pat Gervais noted to the committee a correction in the table summarizing low-income energy assistance funding. She distributed an updated chart reflecting corrected numbers.

[EXHIBIT](#)(jhh18a01)

HCSD DECISION PACKAGE 145

SEN. GREG LIND, SD 50, MISSOULA, requested information on all bills and proposals involving HCSD. **Mr. Hudson** agreed to provide this.

Mr. Hudson pointed the committee to the "Homeless in Montana" study summary on Page 31 of the HCSD overview, which assesses and develops programs to reduce chronic homelessness in Montana. He reported that most of Montana's homeless are longstanding, working Montana citizens, as well as a growing contingent of self-emancipated teenagers who live in friends' homes and on the

streets. He also said that homelessness reduction efforts do not typically attract homeless people from other states.

{Tape: 1; Side: A; Approx. Time Counter: 21}

Mr. Hudson went on to Page 33, HCSD sexual health education funding, including abstinence education. He stated that HCSD contracts with local entities to provide sexual education, and that no Temporary Assistance to Needy Families (TANF) funds go toward any sexual education initiatives aside from abstinence education.

In response to a question from **SEN. DAN WEINBERG, SD 2, WHITEFISH**, **Mr. Hudson** referenced a Centers for Disease Control (CDC) study stating that teen sexual activity has declined modestly in the past several years, and that the average age of first sexual activity has increased slightly.

SEN. DAN WEINBERG, SD 2, WHITEFISH assumed that funding does not reflect this reality.

Mr. Hudson corrected him, estimating that contraceptive and family planning education is funded at levels ten times that of abstinence education. He stated that Montana's abstinence education receives \$172,000 from federal grants and \$40,000 from TANF, and that Federal law prohibits the use of abstinence block grant monies for programs that also discuss family planning.

{Tape: 1; Side: B}

Mr. Hudson also noted that contraceptive and family planning education does include some discussion of abstinence.

Mr. Hudson closed the HCSD overview.

Ms. Gervais went on to discuss HCSD Legislative Fiscal Division (LFD) issues, including those noted in the Budget Analysis on Page B-39 and B-22.

Ms. Gervais continued with LFD issues on Pages B-41, B-42, B-43, and B-44. She also discussed ways in which the committee might want to approach the creation of a current cash assistance budget and a TANF reserve.

Mr. Hudson provided insight into historic and current funding for cash assistance and use of the TANF reserve.

In response to a question from **REP. JOEY JAYNE, HD 15, ARLEE** regarding the amount of money requested for TANF cash assistance,

Mr. Hudson directed the committee to Page 14 in the HCSD Overview, as well as Page B-42. He noted that projected reserves are found in the ending fund balance.

{Tape: 2; Side: A}

Ms. Gervais directed the committee to the LFD issue at the bottom of Page B-44 in the Budget Analysis.

Mr. Hudson stated that the projected budget is built around facilitating job placement for TANF participants. He reported that Montana's TANF benefits are currently on par with those of other western states, and that increasing TANF benefit levels would not cause a large migration to Montana of TANF-eligible persons from other states. He also discussed TANF eligibility and the interrelationship between eligibility and benefit level.

Mr. Hudson also directed the committee to the tables on Page 11 of the HCSD overview, which outlined TANF benefits for a family of three. He went on to discuss why families leave TANF.

Ms. Gervais told the committee that information on the Federal Poverty level is available in the Budget Analysis on Page B-32.

Ms. Gervais then discussed LFD issues and committee options on Pages B-45, B-46, B-47 and B-48.

Mr. Hudson attested that the current proposed budget addresses all of the division concerns regarding TANF Maintenance of Effort (MOE) issues, but suggested that this issue was ripe for statutory changes. He also stated that even if every tribe assumed responsibility for its TANF administration, HCSD tribal administrative costs would remain stable in order to address administration of the larger Medicaid and Food Stamps programs.

{Tape: 2; Side: B}

Mr. Hudson described for the committee the differing TANF administration strategies adopted by the Salish, Kootenai, Fort Belknap and Rocky Boy tribes.

Ms. Gervais continued with LFD issues on Pages B-49 and B-50.

In response to questions from the committee, **Mr. Hudson** stated that 90%-100% of TANF participants are also on Food Stamps, so upcoming Food Stamp outreach would not ease the challenges of TANF benefit decreases. He also noted stigma, independence and eligibility for the low minimum allotment as reasons why

individuals choose not to take advantage of the Food Stamp program.

Ms. Gervais discussed LFD issues on Pages B-52, B-55, and B-56. **Mr. Hudson** interjected comments as necessary.

CHAIR KAUFMANN requested that the staff comment on complex but non-controversial LFD issues upon return from a short break.

{Tape: 2; Side: B; Approx. Time Counter: 22.9}

[EXHIBIT\(jhh18a02\)](#)

EXECUTIVE ACTION ON HUMAN AND COMMUNITY SERVICES DIVISION

HCSD DECISION PACKAGE 41, CHILDCARE MATCH REDUCTION

Motion/Vote: SEN. COBB moved that HCSD DP 41 BE ADOPTED. Motion carried unanimously. REP. MCNUTT voted by proxy.

**HCSD DECISION PACKAGE 54, OFFICES OF PUBLIC ASSISTANCE
RENT INCREASE**

Motion/Vote: REP. JAYNE moved that HCSD DP 54 BE ADOPTED. Motion carried unanimously. REP. MCNUTT voted by proxy.

HCSD DECISION PACKAGE 100, ENERGY ASSISTANCE INCREASE

Mr. Jim Nolan, Bureau Chief, Intergovernmental Human Services, commented on bills that might affect DP 100.

Motion/Vote: SEN. WEINBERG moved that DP 100 BE ADOPTED. Motion carried unanimously. REP. MCNUTT voted by proxy.

HCSD DECISION PACKAGE 119, FOOD STAMP BENEFIT INCREASES

Motion/Vote: REP. MORGAN moved that DP 119 BE ADOPTED. Motion carried unanimously. REP. MCNUTT voted by proxy.

HCSD DECISION PACKAGE 127, CHILD AND ADULT CARE FOOD PROGRAM

Motion/Vote: SEN. LIND moved DP 127 BE ADOPTED. Motion carried unanimously. REP. MCNUTT voted by proxy.

{Tape: 3; Side: A}

HCSD DECISION PACKAGE 9999, STATEWIDE FTE REDUCTION

CHAIR KAUFMANN gave her rationale for opposing all across-the-board state FTE reductions.

Responding to a question from **SEN. DAN WEINBERG, SD 2, WHITEFISH**, regarding how an FTE reduction would affect HCSD, **Mr. Hudson** stated that since the FTE reduction is a general fund cut, he would be able to cut only those positions for which general fund pays and for which the funding reduction would not adversely affect any program's MOE.

{Tape: 3; Side: A; Approx. Time Counter: 3.5}

Mr. John Chappuis, Deputy Director, Department of Public Health and Human Services (DPHHS), noted that not all FTE reductions are taken on vacant positions.

SEN. WEINBERG averred that, since cutting lower-ranking employees would directly impact participant services, the department should consider cutting higher-ranking employees.

Mr. Chappuis affirmed that FTE reductions affect both lower and higher-ranking employees.

Motion/Vote: **REP. MORGAN** moved that DP 9999 BE ADOPTED. Motion carried 4-3 by voice vote with **JAYNE, KAUFMANN**, and **LIND** voting no. **REP. MCNUTT** voted by proxy.

HCSD DECISION PACKAGE 69, TRIBAL TANF MOE

Motion/Vote: **SEN. COBB** moved that DP 69 BE ADOPTED. Motion carried unanimously. **REP. MCNUTT** voted by proxy.

**HCSD DECISION PACKAGE 145, ENERGY CONSERVATION
AND ENERGY ASSISTANCE**

Responding to **SEN. LIND**, **Mr. Hudson** stated that funds from this DP can apply only to the Energy Conservation and Energy Assistance program. He also said that the Division would prefer to receive this funding as biennial appropriation.

Motion: **REP. MORGAN** moved that DP 145, ONE-TIME-ONLY (OTO), BE ADOPTED. **REP. MCNUTT** voted by proxy.

{Tape: 3; Side: A; Approx. Time Counter: 12.9 - 13}

Mr. Nolan confirmed that HCSD cannot use DP 145 funds unless Energy Conservation and Energy Assistance funding fall below FY 1987 levels. He stated that only a change in state law could alter this situation.

{Tape: 3; Side: A; Approx. Time Counter: 14.3}

Ms. Gervais explained to the committee their two options:

1) to approve the DP as is, adding the Department's requests for biennial, one-time-only, without changing statutory spending requirements; or

2) to create a committee bill changing current statute, thus allowing the Division to spend the funds regardless of whether or not LIEAP funding drops below the 1987 level.

SEN. LIND stated that he would like to work with the Department to prepare said committee bill.

Motion/Vote: **REP. MORGAN** moved that DP 145 BE ADOPTED as a one-time-only, biennial appropriation. Motion carried unanimously. **REP. MCNUTT** voted by proxy.

HCSD DECISION PACKAGE 167, FOOD STAMP OUTREACH

Motion/Vote: **REP. MORGAN** moved that DP 167 BE ADOPTED. Motion carried unanimously. **REP. MCNUTT** voted by proxy.

**HCSD DECISION PACKAGE 3200, LOW INCOME ENERGY
ASSISTANCE PROGRAM, ONE-TIME-ONLY**

SEN. LIND, SEN. COBB and **CHAIR KAUFMANN** voiced their wish to delay a vote on DP 3200.

CHAIR KAUFMANN asked the committee to reconsider AMDD DP 193, as discussed in the Budget Analysis on Page B-221.

{Tape: 3; Side: A; Approx. Time Counter: 25.4}

Ms. Lois Steinbeck discussed the consequences of Friday's DP 193 passage and noted that removal of an accrual from the base budget for an employee grievance would free \$40,000 per year in state special alcohol tax funds. AMDD had reversed the accrual, meaning that it did not need to pay out funds for the grievance.

Ms. Steinbeck also provided for the committee a handout detailing Earmarked Alcohol Tax Revenue and Expenditures, Fiscal Year (FY) 2004 Through FY 2007 Budget Request.

EXHIBIT(jhh18a03)

{Tape: 3; Side: B}

Motion/Vote: REP. KAUFMANN moved that AMDD DP 193 BE ADOPTED, moving \$39,853 general fund in DP 193, in place of Executive Request in Fiscal Year 2006, and no funds switch in Fiscal Year 2007. Motion carried unanimously. REP. MCNUTT voted by proxy.

HEALTH RESOURCES DIVISION OVERVIEW

Mr. Chuck Hunter, Administrator, Health Resources Division, presented to the committee an overview of the Health Resources Division (HRD), providing them with a hard-copy HRD Overview and a Glossary of Acronyms for the Montana Medicaid Program.

EXHIBIT(jhh18a04)

EXHIBIT(jhh18a05)

Mr. Hunter began with introductions of HRD staff, including Mr. Duayne Preshinger, Acute Services Bureau; Mr. Pete Surdock, Children' Mental Health Bureau; Ms. Beckie Beckert-Graham, Fiscal Bureau; and Ms. Jackie Forba, Health Care Resources.

Mr. Hunter proceeded through the HRD Overview, covering HRD Expenditures Compared to Total Agency (Page 5), HRD Expenditures (Page 6), and HRD State Fiscal Year (SFY) 2004 Expenditures and Bills Authorizing Expenditures (Page 7).

{Tape: 3; Side: B; Approx. Time Counter: 15.9}

Ms. Steinbeck noted that all Medicaid eligible individuals are handled by HRD.

Mr. Hunter continued with information on Full-Time Equivalent (FTE) by HRD Bureau (Page 8), Administrative Expenditures as a Percent of Division Expenditures for Medicaid and CHIP (Page 9), HRD Division Goals (Page 10), Comments on HRD's structure, approach and customer service aims (Page 11), Key Division Issues (Page 12), and LFD Issues (Page 13).

Mr. Hunter moved on to discussion of Present Law Adjustments (PL), including PL 13, 17% Portion for Medicaid - deleted (Page 15), with a Chart on Caseload, Inflation, and Utilization Increases (Page 17); and PL 14, Medicaid Caseload - Medicare Buy-

In Program (Page 14).

Ms. Steinbeck expressed that she expects the Medicaid Modernization Act (MMA) Outreach to impact PL 14. She noted that PL 14 has not been adjusted accordingly.

{Tape: 4; Side: A}

Mr. Hunter also discussed PL 17, Medicaid Caseload - Children's Mental Health (KMA) (Page 19). In response to a question from **SEN. WEINBERG**, **Mr. Hunter** told the committee that Children's Protective Services is not in the HRD budget, but rather in the Child and Family Services budget.

Ms. Steinbeck took the opportunity to discuss several reasons for growth in KMA. In response to a question from **REP. JAYNE**, she noted LFD issues for PL 17 include HIFA waiver effects and caseload updating.

Mr. Hunter continued with PL 20, Medicaid Caseload - Breast and Cervical Cancer (Page 20); Federal Medical Assistance Percentage (FMAP) information; PL 23, FMAP Enhancement Adjustment - Medicaid (Page 22); PL 29, FMAP Adjustment - Medicaid (Page 23); PL 57, Transportation Contract Federal Rate Change (Page 24); PL 60, Rural Health Clinics and Federally Qualified health Centers (Page 25).

Ms. Steinbeck noted the LFD issue regarding PL 60.

Mr. Hunter discussed PL 121, Indian Health Services (Page 27); PL 122, School Based Services (Page 28); PL 9999, Statewide FTE Reduction (Page 29); and then returned to Page 26 to elaborate on PL 67, Foundation Contract - Acute Care.

Ms. Steinbeck pointed the committee to the Budget Analysis, Page B-26, for information on LFD issues regarding DP 67.

{Tape: 4; Side: A; Approx. Time Counter: 16.8}

Mr. Hunter moved on to New Proposal (NP) 38, Medicaid Pharmacy Program (Page 31); a chart illustrating Medicaid Prescription Drug Costs (Page 32), and a definition of Preferred Drug List (PDL).

SEN. WEINBERG asked to what degree large pharmaceutical companies "harass" Montana for their business during the development of the PDL.

Mr. Hunter stated that in order to absorb some such interaction,

a contracted consulting firm handles much of the PDL product and price research.

CHAIR KAUFMANN inquired as to the similarities or differences between the PDL and the MMA PDL.

{Tape: 4; Side: A; Approx. Time Counter: 22.1}

Mr. Hunter explained that the PDL and the MMA PDL will not be the same.

Mr. Hunter went on to name the members of the PDL development team and express how impressed he is with them. He then directed the committee back to the HRD Overview, discussing why the state needs a PDL (Page 35); and PDL - National Medicaid Pooling Initiatives (NMPI) (Page 36).

SEN. WEINBERG asked if pooling with other states requires that all states involved agree on one PDL.

Mr. Hunter told the committee that pooling states are not required to agree on one PDL. Responding to a follow-up question from **SEN. WEINBERG**, he stated that PDL decision-making priorities are drug effectiveness, first; and cost, second.

Mr. Mark Eichler, Pharmacy Programs Manager, Mountain Pacific Quality Health Foundation, and Drug Use Review Board Coordinator, elaborated on the matter of PDL decision-making priorities.

{Tape: 4; Side: B}

CHAIR KAUFMANN requested more information on annual re-reviews of PDL drugs and reviews of new drugs.

Mr. Hunter framed his answer to this question by providing an overview of how PDL decisions were made in regards to the sensitive issue of Mental Health drugs.

Ms. Steinbeck pointed the committee to Page 32 of the HRD Overview, discussing the affects of MMA on HRD's Medicaid Prescription Drug costs. She then reviewed tomorrow morning's meeting agenda.

ADJOURNMENT

Adjournment: 11:55 A.M.

REP. CHRISTINE KAUFMANN, Chairman

LAURA GOOD, Secretary

ck/lg

Additional Exhibits:

EXHIBIT ([jhh18aad0.TIF](#))